

## Work-at-home schemes

**Be part of one of America's  
Fastest Growing Industries!**

**Be your own Boss!**

**Earn thousands of dollars a  
month from home!**

Ads like this are everywhere – from the telephone pole on the corner to your newspaper, email and favorite websites. The jobs might be different, but the message is the same – start earning a great living today working from home.

When money's tight, work-at-home opportunities can sound like just the thing to make ends meet. Some even promise a refund if you do not succeed. But the reality is many of these jobs are scams.

The Bureau of Consumer Protection receives numerous calls and complaints each year from consumers who are thinking of getting involved in work-at-home plans or who have already paid in and lost their money. Many do not want to hear any bad news because they believe that no matter how bad other plans are, the one they are interested in is the one that will work.

### **Most common scams**

#### ► **Online searches**

The ad on the website excites your curiosity – earn \$500 to \$1000 a week, or even \$7,000 a month, running internet searches on prominent search engines and filling out forms. Even better, you can be your own boss and do the work right from home. What have you got to lose, except a small shipping and handling fee?

Unfortunately, you have a lot to lose. The company is not actually connected with a well-known search engine.

Scammers are lying to try and trick you into handing over your credit or debit card information. If you pay them even a tiny fee online, they may use your financial information to charge you recurring fees.

#### ► **Envelope stuffing**

When answering such ads, you may not receive the expected envelopes for stuffing. Instead you get promotional material asking for money for details on money-making plans. The details usually turn out to be instructions on how to go into the business of placing the same kind of ad the advertiser ran in the first place. Pursuing

the envelope ad plan may require spending several hundred dollars more for advertising, postage, envelopes, and printing.

This system feeds on continuous recruitment of people to offer the same plan. There are several variations on this type of scheme, all of which require the customer to spend money on advertising and materials.

According to the U.S. Postal Inspection Service, "In practically all businesses, envelope stuffing has become a highly mechanized operation using sophisticated mass mailing techniques and equipment which eliminates any profit potential for an individual doing this type of work-at-home. The Postal Inspection Service knows of no work-at-home promotion that ever produces income as alleged."

#### ► **Multi-level marketing**

Some multi-level marketing plans are legitimate. However, others are illegal pyramid schemes. In pyramids schemes, commissions are based on the number of distributors recruited. Most of the product sales are made to

these distributors, not to the consumers in general.

The underlying goods and services can vary from vitamins to car leases; which serve only to make the schemes look legitimate. Most people end up with nothing to show for their money except for the expensive products or marketing materials they were pressured to buy.

### ► **Funds transfers / check cashing**

The reasons why someone is needed to transfer funds or product vary, but someone is always needed as a middle person for this work.

A check may be provided which is to be cashed. You then wire transfer a portion of the check. The remaining money is yours to keep. You later find out that the check is no good and eventually bounces, leaving you with repaying the full amount of the check as well as any fees for cashing a fraudulent check.

The money wired is gone and who collected the wire transfer is unknown because no identification is required when collecting wired money. The checks are a means to launder money for criminal activities. You may find yourself in the middle of illegal activity and possibly subject to criminal charges.

### ► **Product transfers**

Product transfer jobs typically involves shipping packages that may require, repackaging stolen goods and forwarding them, often outside the United States. You are asked to pay the shipping charges; with a

promise that you will be reimbursed. You will end up receiving a bad check as payment, if you receive any reimbursement at all.

In addition to being out any shipping charges you paid, you may also find yourself in the middle of illegal activity and possibly subject to criminal charges.

### ► **Medical billing**

The ads lure you with promises of a substantial income for full or part-time work processing medical claims electronically – no experience needed. When you call the toll-free number, a sales rep tells you doctors are eager for help. In exchange for your investment of hundreds or thousands of dollars, you will get everything you need to launch your own medical billing business including the software to process the claims, a list of potential clients and technical support.

But companies rarely provide experienced sales staff or contacts in the medical community. The lists they give you often are out-of-date and include doctors who have not asked for billing services. The software they send may not even work. Competition in the medical billing market is fierce, and not many people who purchase these “opportunities” are able to find clients, start a business or generate revenue – let alone get back their investment and earn any income.

Many doctors’ offices process their own medical claims. Doctors who contract out their billing function often use large,

well-established firms, rather than someone working from home.

To avoid a medical-billing scam, ask for a sizable list of previous purchasers so you can pick and choose whom to contact for references. If the promoter gives only one or two names, consider that they may be “shills” hired to say good things.

Try to interview people in person where the business operates. Talk to organizations for medical claims processors or medical billing businesses. Talk to doctors in your community about the field. Finally, consult an attorney, accountant or other business advisor before you sign an agreement or make any payments up front.

### ► **Mystery shoppers**

Mystery shopper jobs may seem easy and lucrative, but they usually turn out to be fraudulent. Some scams require you to pay a fee for the privilege of working for the company. Other companies send you a fake cashier's check to deposit. They instruct you to send most of the money to another address and use only a small amount for the shopping trip. When the bank discovers that the check is not legal, you will be liable for repaying the money.

### ► **Rebate processing**

The ad in your email says you can earn money by helping to process rebates. The fee for training, certification or registration is minimal compared to what you will earn processing rebates from home, according to the promises in

the ad. The ad says the #1 certified work-at-home consultants behind the program will show you how to succeed like they did.

What you get are poorly written and useless training materials. There are no rebates to process, and few people ever see a refund.

### ► **Assembly work at-home**

This scheme requires you to invest hundreds of dollars in instructions and materials and many hours of your time. This scheme requires you to produce items such as baby booties, toy clowns, and plastic signs for a company that has promised to buy them. Once you have purchased the supplies and have done the work, the company often decides not to pay you because your work does not meet certain "standards." You are then left with merchandise that is difficult or impossible to sell.

### **Protect yourself**

- Know who you are dealing with.
- Check out the company by calling toll free in Wisconsin the Better Business Bureau at 1-800-273-1002 and the Wisconsin Bureau of Consumer Protection at 1-800-422-7128.
- Consider the promotion carefully.
- Do not believe that you can make big profits easily.
- Get earnings claims in writing and compare them with the experience of previous franchise and business opportunity owners.

- Get all the details before you pay.
- Study the business opportunities franchise disclosure document.
- Find out if there is really a market for your work.
- Get references for other people who are doing the work.
- Know the refund policy.
- Be wary of offers to send you an "advance" on your "pay."
- Take your time. Promoters of fraudulent business opportunities are likely to use high-pressure sales tactics to get you to buy in. If the business opportunity is legitimate, it will still be around when you are ready to decide.

When it comes to business opportunities, there are no sure bets. Promises of a big income for working from home, especially when the "opportunity" involves an up-front fee or divulging your credit card information should make you very suspicious. It does not matter if the ad shows up in a trusted newspaper, website or if the people you talk to on the phone sound legitimate. The situation demands both research and skepticism.

### **If you are victimized**

If you become a victim of a work-at-home scheme, ask the company for a refund. If they refuse or give you an evasive response, tell them you plan to notify law enforcement officials.

Keep careful records of everything you do to recover your money. Document your phone calls, keep copies of all paperwork such as letters and

receipts, and record all costs involved, including the time you spend. If the company refuses to refund your investment, let the company know you plan to notify the Bureau of Consumer Protection about your experience. If you send documents to the company, make sure you send copies, not originals. Send correspondence by certified mail and request a return receipt to document that the company received it.

Contact your local Postmaster if the work offer was sent by mail. The U.S. Postal Service investigates fraudulent mail practices.

For more information or to file a complaint, visit our website or contact the:

**Bureau of Consumer Protection**  
**2811 Agriculture Drive**  
**PO Box 8911**  
**Madison WI 53708-8911**

**E-MAIL:**  
**DATCPHotline@wi.gov**

**WEBSITE:**  
**datcp.wi.gov**

**(800) 422-7128**

**FAX: (608) 224-4677**

**TTY: (608) 224-5058**